

EXHIBIT 1

To: Brian Maas[bmaas@cncda.org]
From: Nemelka, Michael N.
Sent: Wed 11/1/2017 6:06:36 PM
Subject: RE: NADC - Class Action vs. CDK and Reynolds and Reynolds
[17-cv-07827 complaint.pdf.msg.msg](#)

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Brian,

Another dealer class action was filed yesterday (see attached), this one in N.D. Illinois. Another hatchet job of our work, and it doesn't cure the problems with the other dealer class complaint.

Let me know when you can talk. If we could get a California dealer to sign up with us, we could head off all these issues.

Thanks,

Mike

From: Brian Maas [mailto:bmaas@cncda.org]
Sent: Friday, October 27, 2017 7:09 PM
To: Nemelka, Michael N.
Subject: RE: NADC - Class Action vs. CDK and Reynolds and Reynolds

Mike –

I have some further thoughts on this case after talking to some of our dealers. Give me a call at 916-441-2599 on Monday to discuss.

Brian Maas
President
California New Car Dealers Assn.
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Sacramento, CA 95814
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bmaas@cncda.org



Serving California's Franchised New Car Dealers Since 1924
Begin forwarded message:

From: "sblatt@dealerlaw.com" <sblatt@dealerlaw.com>
Date: October 20, 2017 at 1:09:05 PM PDT
To: "list@dealercounsel.com" <list@dealercounsel.com>
Subject: NADC - Class Action vs. CDK and Reynolds and Reynolds
Reply-To: "sblatt@dealerlaw.com" <sblatt@dealerlaw.com>

Yesterday our office filed a dealer class action against CDK and Reynolds and Reynolds. We expect that your dealer clients may be asking you about this case and we are, therefore, providing this brief overview of the lawsuit. CDK and Reynolds dominate the DMS industry, and control approximately 75 percent of the United States market for the supply of DMS by number of dealers, and approximately 90 percent when measured by vehicles sold. CDK and Reynolds also provide data integration services (extracting, formatting, and organizing the data housed on the data management systems) to third-party data integration providers. The conspiracy between CDK and Reynolds was for the purpose of reducing competition and raising prices in both (a) the market for the provision of DMS software to franchised dealers and (b) the market for data integration services relating to utilizing the data housed on the dealer DMS systems.

Prior to 2015, CDK and Reynolds competed in providing data integration services. In February 2015, however, CDK and Reynolds entered into formal written agreements not to compete with each other, and to eliminate competition, in the data integration market. The agreements expressly provide that only CDK is to have access to the data housed on a dealer's CDK dealer management system and only Reynolds is to have access to data housed on the Reynold's dealer management system. Defendants have effectively – and illegally – tied the provision of DMS services to Defendants' own data integration services.

We claim that as a result of this illegal agreement and Defendants' illegal anticompetitive conduct, Defendants have been able to utilize their control of the data integration market to impose exorbitant charges for data integration on vendors that are engaged by dealers to provide services in the operation of their retail automotive businesses (i.e., inventory management, customer relationship management, and

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electronic vehicle registration and titling). Those charges are passed on to dealers. Defendants' anticompetitive conduct was designed to and did artificially inflate the price of DMS services and the cost of engaging third-party data integrators. As a result, dealers have been forced to pay supra-competitive prices for DMS and data integration services. These claims are similar to class action cases brought by Authenticom and Motor Vehicle Software Corporation (MVSC).

We understand that the FTC has been aggressively investigating both CDK and Reynolds. Vendors have started receiving subpoenas and dealers are probably next. Should anyone wish to receive a copy of the lawsuit, please e-mail me offline.

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